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WASHINGTON, DC—Congressman Peter DeFazio (D-Ore.) made the following statement after the House Highways and Transit Subcommittee hearing this morning on “Public-Private Partnerships: Innovative Financing and Protecting the Public Interest”:

“The Bush administration has been warning state governments about the growing gap between infrastructure needs and resources. Unfortunately, their only suggested solution is to privatize the existing infrastructure. In pushing this ideological policy, the administration has failed to disclose the potential downfalls as well as possible gains of privatization. Under questioning, a witness from the Department of Transportation (DOT) agreed that, in addition to issuing model legislation for privatization, the DOT should also disclose potential problems with privatization, like monopoly pricing and noncompete agreements. Dennis Enright, principal of the NW Financial Group, a witness who has analyzed recent public-private partnerships, made a strong case that there's no inherent advantage to privatizing existing assets. In fact, the public sector could monetize assets to generate an up-front payment while realizing a revenue stream from the facilities. Capital is readily available to states for these projects.

“Overall, the hearing raised questions about the appropriateness of many of these anticipated agreements, especially those involving existing assets like the Pennsylvania toll road, and others.”